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C O N F I D E N T I A L SECTION 01 OF 03 YEREVAN 000515

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SUBJECT: PROMISES AND PROTESTS MARK SAAKASHVILI'S ARMENIA
VISIT

REF: TBILISI 770

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Classified By: AMB Marie L. Yovanovitch, reasons 1.4 (b,d).

SUMMARY

¶1. (C) Georgian President Mikheil Saakashvili's June 24-25 visit to Armenia produced lots of smiles, but little apparent action. Saakashvili's talks with President Sargsian focused on energy, transportation, border issues, tourism, communication and regional security. Two protests over the ethnic-Armenian Samtskhe-Javakheti region of Georgia also marked the visit. President Sargsian's decision to award Saakashvili the Order of Honor Medal, Armenia's highest state award for foreign dignitaries, drew the ire of Russian parliamentarians and prompted calls from Moscow to PM Sargsian and FM Nalbandian. In his read-out of the visit, Armenia's Deputy Foreign Minister warned of an "independence movement" breaking out over Samtskhe-Javakheti should discrimination against Armenians living there continue. END SUMMARY.

CALLS FOR GREATER ENERGY, BORDER COOPERATION

¶2. (SBU) During his visit, Saakashvili addressed long-standing Armenian concerns of hindered commercial and passenger traffic by committing to personally overseeing a more simplified border crossing regime with Armenia. Saakashvili and President Sargsian also pledged to work together to facilitate the transit of Armenian cargo through Georgian territory. (NOTE: On July 21, Minister of Economy Yeritsyan informed Ambassador that he had just returned from Georgia where both sides committed to construct a road from Yerevan to the Georgian port of Batumi, with donors, meeting in the fall to, they hoped, finalize financing. END NOTE.) Despite remaining in a de facto state of war with Russia, Saakashvili expressed support for renewed commercial and passenger traffic through Georgia's Upper Lars crossing -- Armenia's sole overland conduit to Russia and Europe until Russia controversially closed it in June, 2006. The two presidents also discussed improving communications and the development of tourism, while Saakashvili called for the start-up of joint energy projects between Georgia and Armenia.

SARGSIAN STAYS NEUTRAL ON RUSSIA-GEORGIA TIES

13. (SBU) During their joint press conference, President Sargsian made it clear that Yerevan will continue to seek good relations with both Georgia and Russia. Saakashvili characterized Russia as a source of instability in the Caucasus, and said the best way to achieve prosperity was through trilateral cooperation between Georgia, Armenia, and Azerbaijan. But Sargsian remained neutral, saying "we are deepening our relations with both Russia and Georgia. We are doing that openly, without hesitation, and without a shroud of secrecy." Sargsian added "if our good relations with both Russia and Georgia can somehow help to normalize Russian-Georgian relations, we will only be happy."

JAVAKH PROTESTS GREET GEORGIAN PRESIDENT

14. (SBU) Two protests over Georgia's predominantly ethnic Armenian region of Samtskhe-Javakheti accompanied Saakashvili's visit. The first occurred outside the compound of the Armenian Presidential Residence ahead of Saakashvili's arrival there. The second took place outside the Marriott hotel, where Saakashvili was staying. Police used force to disperse several dozen protesters, among them Javakh Armenians and members of the nationalist Dashnaktsutiun (Dashnaks) party, from the vicinity of the hotel. Senior Dashnak leader Giro Manoyan reportedly came to blows with policemen after a quarrel in front of the hotel. The protesters demanded greater legal and cultural status for Javakh Armenians, and accused the Georgian authorities of deliberately neglecting the economic development of the region and trying to

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change Javakheti's ethnic composition.

15. (SBU) At the end of his visit, Saakashvili insisted that Tbilisi is doing its best to address the long-standing grievances of the Javakh Armenians. "No region of Georgia has received as much investment as Javakh has in recent years," Saakashvili said at a meeting with students and faculty of Yerevan State University (YSU), where he received an Honorary Doctoral Degree. Saakashvili stated that his government has been rebuilding the impoverished region's roads, modernizing its gas distribution network, and is starting the construction of a power plant that will create jobs for local residents. To the surprise of many, President Sargsian publicly praised Saakashvili's stated efforts.

HIGHEST MEDAL FOR SAKASHVILI IRKS RUSSIANS

16. (SBU) In spite of the pronouncements by both presidents on their intentions to deepen relations and address bilateral issues, the only signed agreement during the visit concerned the expansion of cultural cooperation. Despite this, President Sargsian awarded Saakashvili the Order of Honor Medal -- Armenia's highest award for foreign dignitaries. A statement from President Sargsian's office cited Saakashvili's contribution to "strengthening the centuries-old Georgian Armenian friendship" as the basis for the award. (NOTE: The award appears to have been an act of reciprocity, in response to Saakashvili awarding President Sargsian Georgia's "Golden Fleece" medal during his official September 2008 visit to Georgia. END NOTE.)

17. (C) Two senior members of Russia's Duma scorned Armenia for bestowing its highest award upon Georgia's

President. One of them, Valeri Bogomolov, was quoted as saying, "every country is free to award anything to anyone. However, it is important to understand that you can't spit into a well from which you will need to drink on more than one occasion." Victor Ilyukhin, another senior Duma member, also criticized the award, saying "the demonstrative granting of a high Armenian state award to the Georgian president was an untactful and unfriendly step towards Russia." Tatyana Moskalkova, chair of the Duma's Committee on Commonwealth of Independent States Affairs, described the warm welcome that Armenian officials gave to Saakashvili as a "slap in Russia's face." Both Armenia's Prime Minister and Foreign Minister separately told the Ambassador afterwards that they had been rebuked by their Russian interlocutors for the award. Others told the Ambassador that the Russian criticism had gone over the top, and that in treating Armenia as a &vassal state,⁸ they had provoked a backlash of resentment.

MFA'S READ-OUT OF VISIT

¶8. (C) In his read-out of the visit, Deputy FM Shavarsh Kocharian told acting Pol-Econ chief on July 1 that -- in spite of media reports to the contrary -- the GOAM vigorously raised the issue of Javakh Armenians and the alleged expropriation of Armenian churches in Georgia by the Georgian Orthodox Church. Kocharian warned that if Georgia continues to dismiss Armenia's concerns, "radical elements" in Armenia will push harder on these issues and an "independence movement" could emerge to advocate for the rights of ethnic Armenians in Samtskhe-Javahketi. (Comment: A recent joint trip by embassy officers from Yerevan and Tbilisi found claims about political unrest among Javakh Armenians to be overblown (reftel) End comment.)

¶9. (C) On border issues, Kocharian said both governments jointly agreed to form a commission to work on a unified border crossing regime that would abolish border checkpoints on each side of the Armenian-Georgia border. Kocharian claimed Armenia was ready to link up its road network with Georgia's to facilitate a shorter route between Armenia and the all-important Georgian port of Poti (where Armenia receives most of its seaborne cargo). He said the ball now lay in Georgia's court to carry through with its end of the bargain.

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¶10. (C) Kocharian said maintaining neutral relations between Georgia and Russia remained "very sensitive," adding that it was incumbent on both the United States and Russia to help preserve that neutrality. Kocharian also said the Georgians expressed interest in participating in the building of the new nuclear power plant in Armenia, which he said Armenia would not oppose. He said Georgia continues to seek additional energy supplies from Armenia, on top of the electricity Armenia already sells to its northern neighbor, but further cooperation was being hampered by the lack of matching energy grids, which Kocharian said the Armenians have been pushing Georgia to conform for years.

COMMENT

¶11. (C) Armenia's warm welcome of Saakashvili, and Sargsian's efforts to appear neutral between Georgia

and Russia, should come as no surprise. With Armenia dependent on Georgia for the transit of as much as 75 percent of its imports, it can ill afford to make its lingering grievances -- exorbitant cargo transit costs, a cumbersome border crossing regime, concerns about Javakheti Armenians, the inability of the Armenian Church to register as a church, and expropriation of Armenian churches -- the basis of its current relations. Neither can it afford to fall hostage to Russia-Georgia enmity, given that Armenia relies on Russia for most of its trade, business, investment, and military aid. Armenia will likely continue to walk a tightrope between Tbilisi and Moscow, carefully cultivating both countries to advance its own interests.

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